

DDI Report

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Policy
FBIS QRC
Fund

11 June 1976

MEMORANDUM FOR: Deputy Director for Intelligence
THROUGH : Chief, DDI Management Staff
SUBJECT : FBIS QRC Fund

Sayre -

1. You suggested that we consider requesting establishment of a Quick Reaction Capability fund to protect FBIS against unforeseeable emergencies or requirements. We are pleased to do so. Here is our estimate of the size of such a fund for FY 78, and our justification for it.

2. FBIS has a large and complex budget which embraces field and domestic activities, a bewildering variety of pay scales subject to increases we cannot control, a communications system utilizing U.S. military and foreign and domestic commercial circuits, complicated equipment replacement and physical plant renovation schedules, and of course much travel, training, and TDYs. Eighty percent of the budget is for fixed expenses such as salaries, allowances, most PCS moves and the related shipment of household effects, and contractual obligations like rent. The remaining "controllable" 20% is mostly composed of the JPRS program, training, TDYs, equipment purchases, and EODs, contract leaves, some PCS moves, and R&R trips. This 20% figure dissolves steadily during the year as it is used routinely for the purposes originally intended. A crisis blooming late in the fiscal year therefore catches us with less and less financial flexibility. We have no contingency funds to cover the unexpected.

3. And the unexpected has been a way of life for FBIS for the past few years. We lost two bureaus due to war--Cyprus and Saigon. We lost one for political reasons--African Bureau. As a result, we had to open and maintain four new bureaus--Athens, Tel Aviv, Amman, and Nicosia. We had planned to reduce sharply our expenses in Athens by using a remote facility in Brindisi, Italy, but have not been able to obtain Italian Government approval.

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We had to reorganize the mission and personnel of Bangkok and Okinawa, among other things transferring inexpensive Saigon monitors (annual salary \$2,600 a year) to Bangkok where their pay scale septupled. Our communications costs, based as were many others in the Intelligence Community [] ballooned by hundreds of thousands of dollars when the Atlantic satellite failed. We projected an inflation rate abroad that in the event left us hundreds of thousands of dollars short on that score alone. Nor do I think it likely the actual rate would have been accepted had we projected it correctly.

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4. FBIS must always stand ready to adopt extraordinary--and unbudgeted--measures to meet special operational requirements. These measures extend from sending TDY teams abroad to bolstering BRC overseas operations. A Middle East war--not a far-fetched threat today--would require a special team to augment our Nicosia Bureau coverage, costing us approximately \$1.5K a week. (Even that small figure this late in FY 76 would be hard to find.) We had to ready a team for England during the Portugal crisis, tho we didn't send it. We had to augment the BRC unit in Nairobi during the Angolan crisis. Emergencies like these could not have been anticipated when our budget was planned. We could not foresee that our Vietnamese monitors long assigned to Bangkok Bureau upon the fall of Saigon would have to be brought to the United States at our expense for redocumentation. Slippage of our RAPID project was and remains unpredictable.

5. The future is no less uncertain. A deterioration of U.S.-Panamanian relations could limit or eliminate our operations there; the Japanese government could order our overt CIA unit out of Okinawa; a flareup of domestic strife in Thailand could inactivate our Bangkok Bureau; labor troubles and further financial straits could curtail the BRC contribution; and Italian communist political successes would generate new collection demands. There are bound to be other threats, or new situations demanding extraordinary coverage efforts, which we cannot perceive today. But we know from experience they will occur.

6. For the unexpected, in the past year alone we had to ask the DBI for some \$360K extra. We had to go to the Comptroller for \$135K for African Bureau. We had desperately to reprogram from our "204" funds some \$460K with extraordinary dislocations in normal activities. Thus, we were overall about a million dollars underfunded. We do not consider the past year by any means to be an atypical.

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7. Finally, the Agency reserve fund has limited applicability to FBIS although we did tap it for \$2 million in 1974 to cover the Cyprus emergency. But the reserve fund is usually viewed as intended for covert actions, it recently was reduced significantly, and there are strong controls and sensitivities over its use. Furthermore, its trigger is set very high. Our "crises" usually will not squeeze that trigger but their cumulative effect on us over a fiscal year is nonetheless devastating.

8. For all of these reasons, we request that you insert in our FY 78 program budget a QRC fund of \$600K. This is based on the total extra amount the DDI and Comptroller had to provide this year (\$364K and \$135K) and one quarter of what FBIS had to reprogram (\$461K).



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Director
Foreign Broadcast Information Service

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